

Prepared Remarks of FCC Commissioner Mignon L. Clyburn
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Thank you, President Wright for that gracious introduction and for your many years of friendship. I still can't get over the fact that my former suite-mate and fellow South Carolinian is serving as President of NARUC—an organization that I have been proud to serve and work with for nearly 14 years. Congratulations once again. It is especially great catching up with Commissioner Emeritus Suskie and Second Vice President Honorable, who I wish to personally thank for this opportunity to reconnect with friends in such a beautiful setting.

In just four days—March 16th to be exact—the Commission will observe the second anniversary of the release of the National Broadband Plan. And what still amazes me is that many people fail to grasp just how significant and monumental this Congressional mandate was to our agency and this country. Just think about it. We were instructed to develop a Plan that ensures “all people in the United States have access to broadband capability,” and to provide a detailed strategy for achieving universal broadband availability, affordability, and maximum utilization, so that we could advance public purposes, such as community development, health care delivery, energy independence, education, and job creation throughout our nation.

The National Broadband Plan was a multi-stakeholder proceeding unlike any other. It required input from every Office and Bureau and was augmented by a team of experts specifically hired to work on the Plan. For about a year, the FCC staff engaged with industry, academia, other federal, state and local agencies, and held numerous workshops and ex parte meetings to gather input on and analyze the issues. The result was a 360-page Plan that had numerous recommendations for our consideration, and when this staff-developed Plan was delivered to Congress, a unanimous Commission set forth six common beliefs concerning the availability and use of broadband.

First, every American should have a meaningful opportunity to benefit from the broadband communications era. Second, continuous private sector investment in wired and wireless networks and technologies, and competition among providers, are critical to ensuring vitality and innovation in the broadband ecosystem. Third, strategic and prudent policies, toward public resources like spectrum, should benefit all Americans. Fourth, the Universal Service Fund and intercarrier compensation regime should be comprehensively reformed to increase accountability and efficiency, encourage targeted investment in broadband infrastructure, and emphasize the importance of broadband to the future of these programs. Fifth, our nation should harness the tools of modern communications technology to protect all Americans, including by enabling the development of a nationwide, wireless, interoperable broadband network for the nation's first responders. And lastly, that ubiquitous and affordable broadband can unlock vast new opportunities for Americans, in communities large and small, with respect to consumer welfare, civic participation, public safety and homeland security, community development, health care delivery, energy independence and efficiency, education, worker training, private sector investment, entrepreneurial activity, job creation and economic growth, and other national purposes.

Of course, the National Broadband Plan was just that—a plan. So subsequent to its release, the Commission began numerous proceedings to actualize those common beliefs and consider the Plan's recommendations. Not every recommendation has been adopted, and like any plan in life, you make adjustments along the way which take into account new facts or additional information not previously considered. But, I am happy to report that, two years later, we have made significant progress in implementing policies that will help our nation achieve the principles the Commissioners agreed on in 2010.

Now, as an aside, let me say that I am fully aware that we often are criticized for taking too long to implement policy changes, and as a non-lawyer and generally impatient person, I do empathize. However, there are certain processes that the agency must fulfill in order to comply with our statutory requirements, and these processes take time. The benefit to that is that we have a greater chance of hearing from all sides and are afforded the ability to weigh those many issues in order to fully contemplate the impact of any proposed and substantial changes. While there are times that we would like to see faster consideration and action, usually, the time we spend analyzing these issues is time well spent.

The FCC has taken significant steps to change our policies in order to ensure that every American has a meaningful opportunity to benefit from broadband. We have implemented several reforms to improve broadband deployment through the Universal Service Fund, and in October of last year, the Commission unanimously approved USF and ICC reform. This was historic, a long time coming, and had been attempted several times over the course of many years. In addition to having four determined Commissioners who wanted to strike a balanced approach that would make a significant dent in the broadband availability gap, we had years of experience with various reform plans, including from the State Members of the Joint Board on Universal Service and Congressional Members, on which we could build, as well as an industry with distinctive perspectives engaged throughout the process.

The new Connect America Fund will facilitate the acceleration of broadband build-out to the approximately 18 million Americans living in rural areas who currently have no access to a robust broadband infrastructure. Reform will not only drive economic growth in rural America, but will expand the online marketplace nationwide, creating jobs and business opportunities across the country.

There are many details in that voluminous Order, so I will only highlight a few. Based on a recommendation of the Federal-State Joint Board on Universal Service, we adopted an express universal service principle, that USF support should be invested in broadband-capable networks. We also set goals for the Fund to preserve and advance voice and broadband services to American homes, businesses, and community anchor institutions, while ensuring that rates for these services are reasonably comparable in all regions of the nation and minimizing the contribution burden on consumers and businesses.

Recognizing that more than 83 percent of the unserved Americans live in areas served by large and mid-sized price cap carriers, we established two phases of funding, up to \$1.8 billion annually, over a period of six years, in areas where there are no robust broadband networks available. Beyond that period of time, where ongoing support is needed, the funds will be distributed via a competitive bidding process. For rate of return carriers, that receive USF support based on the costs they incur, we have provided up to \$2 billion annually in order to support continued investment and the delivery of both voice and broadband services in their areas. We also increased accountability for the funds and adjusted the carriers' incentives to invest the support efficiently and effectively.

For the very first time, the Commission recognized the growing importance of mobile broadband by making it an independent universal service objective. And we implemented a Mobility Fund—as recommended by the Joint Board—that will provide up to \$300 million to accelerate deployment of networks for mobile voice and broadband services in unserved areas in the first phase and then provide ongoing support in Phase II of up to \$500 million annually where mobile service wouldn't otherwise be offered. We are well underway with the first phase of the Mobility Fund, which will be the FCC's first reverse auction ever. Set for late September this year, Phase I of the Mobility Fund is expected to provide mobile broadband coverage to many consumers traveling our nation's roads that currently do not have 3G or better service.

The other major component of our Order reformed and modernized the intercarrier compensation system. By adopting a new methodology that extracts the hidden subsidies paid by consumers across the country, we have helped eliminate opportunities for harmful arbitrage schemes, removed competitive distortions, and substantially increased certainty for all stakeholders. In order to help companies with the phase down, we have provided for some limited recovery for a period of time, but we expect that consumers will receive substantial benefits in the form of lower calling prices, more value for their wireless or wireline bill, or both, as well as greater broadband availability.

The cost of broadband deployment—both wired and wireless—depends in part on access to utility poles, wireless towers, conduits, and rights-of-way. To reduce costs and delays, the FCC is working to reform infrastructure policies, through its Broadband Acceleration Initiative, so that broadband providers can deliver robust, affordable wired and wireless broadband. We have clarified the period of time for tower siting review at the local level, and we have reformed the pole attachment regime, addressing both the rates and timeframe for access. Consequently, we have reduced the disparity in rates between different types of companies for the same attachments that will still fairly compensate utilities, but will allow for more efficient expansion and improvement of broadband networks—whether funded by the private or public sectors. We have also launched a broad effort, to improve rights-of-way and wireless facility access policies. We’re asking all our partners in government—state, local, Tribal, and federal—and industry, to help us figure out what other actions we should take to facilitate access and encourage broadband facilities deployment. Of course, by lowering the costs of deployment, this also has the benefit of stretching our USF dollars further.

As discussed in the National Broadband Plan, we need to tackle all obstacles that keep consumers from purchasing broadband service and realizing the benefits the technology affords. From our study conducted during the Plan, we know that the cost of service and equipment is the number one reason why consumers have not adopted broadband. Digital literacy and relevancy are the other barriers. And for most consumers, it is a combination of these issues that keeps them on the digital sidelines. I believe the Commission has a duty to pursue the solutions that will address these issues, not only because Congress asked us to when it assigned us the Plan, but because Section 254 of the Communications Act which governs universal service, contemplates that our nations communications’ needs would evolve over time, and that we would tackle those needs.

Only two-thirds of Americans have adopted broadband at home. For rural areas served by rate-of-return carriers, one estimate indicates that only 51% of consumers are connected to broadband at home. I know some rural areas see higher penetration rates, but when on average in some areas, just over the majority of rural consumers are experiencing the benefits of broadband, I know and you know that we need to do better. Not only for the sake of improving the economic opportunities of rural communities and individual citizens who live there, but also for the sake of the public and private investments being made in the networks, including the annual \$4.5 billion investment from USF.

We need to do more to ensure that we have addressed not only the physical availability of broadband, but the capability of users to purchase broadband. Otherwise, we are not realizing the full potential of the investments being made in these networks. Imagine if our nation had deployed the electric grid, but one-third of Americans didn’t or couldn’t purchase electric service—despite the fact that the networks run right down their streets and to their homes. For me, the same could be said about telephone service. The hundreds of billions of dollars spent on the telephone networks—both wired and wireless—would not be viewed a success and the investments well worth it if one-third of Americans couldn’t access them.

The Lifeline program has been instrumental in connecting tens of millions of low-income consumers who couldn't otherwise afford voice service. And there is no question about the substantial value of connecting low-income consumers to the telephone network—for us collectively and for them individually. The good news is that our Lifeline Order adopted in late January completely reforms and stabilizes this program with respect to phone service. These reforms will help ensure its survivability so that it can continue to serve our most vulnerable citizens. We also have begun the process to modernize the Lifeline program for broadband. Not only did we adopt an express goal for the program of ensuring availability of broadband for all low-income Americans, we also established a Broadband Adoption Pilot Program to test and determine how the Lifeline program can best be used to increase broadband adoption among eligible consumers.

In addition to this important work, the Commission has been encouraging industry to help solve the digital divide with affordable service offerings to target low-income consumers. In addition, the Commission has been working with the public-private partnership called Connect to Compete to find collective solutions to the digital divide. We also are further exploring USF support for digital literacy training in our libraries and schools, where communities have no such classes today. There is still much work to do with respect to ensuring that all consumers have the capacity to adopt broadband, but we are making progress.

With regard to mobile wireless services, the Commission has also been working hard to implement the National Broadband Plan's recommendations for spectrum reform. The Plan found that, as a result of the advent of the iPhone and other smartphones, the consumer use of mobile broadband services had grown dramatically, and with tablets and Machine-to-Machine applications, the demand will continue to grow exponentially. As a result, the Plan estimated that the federal government would need to find 300 megahertz of spectrum by 2015 to reallocate for commercial mobile broadband services, and it made a number of recommendations about how the federal government could find this amount of spectrum.

For the past two years, the FCC has been working diligently to implement the recommendations where it has statutory authority. It adopted rule changes to the Wireless Communications Service that will enable licensees to use that spectrum for mobile broadband services, and we adopted final flexible use rules for microwave licenses that will help carriers provide mobile broadband service in rural areas. The FCC staff has also been working with NTIA to find spectrum, which federal agencies are not currently using.

But by far the most significant spectrum recommendation in the Plan was that Congress should provide the Commission with statutory authority to conduct voluntary incentive auctions to pair those who need the spectrum with those licensees who'd be willing to sell. As many of you know, Congress did this in the Middle Class Tax Relief and Job Creation Act of 2012. This Act also includes provisions to spur the development of more advanced public safety communications services and provides important guidance about the framework that will be used to develop the first ever nationwide, interoperable, public safety broadband network. Finally, the Act promotes the deployment of Next Generation 9-1-1 networks that will give Americans more communications options in times of emergency. I am looking forward to working with my fellow Commissioners on the implementation of this Act to the benefit of all American consumers.

Armed with these tools and knowing of broadband's transformative and enabling powers, we will continue to work until this mission is accomplished. And it has been my pleasure to share with you today some of the steps we already have taken to help us with this significant endeavor. Thank you very much.